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ABSTRACT

Designed for use by the Board of Governors of California Community Colleges in the development of a fee contingency plan, this report presents information on student fees and charges in California and other states. In section A, student charges and their effects are examined in 10 California community college districts. Section B reviews fees and charges and the use of revenues at the University of California and the California State University. Policies in other states are examined in section C with respect to tuition and financial aid in postsecondary education. As the basis for predicting the likely impact of various fee policies, section D outlines research findings and the experiences of New York, Virginia, and California with fee increases. The consequences of four different fee alternatives are presented in section E, along with financial aid techniques, and a discussion of the implications, advantages, and disadvantages of these alternatives. This section includes estimates of enrollment losses arising from specified fee charges and their impact on different income, age, and ethnic groups and on male and female enrollments. An attachment sets forth a series of economic conditions and their probable impact on community college fees; alternative methods of imposing fees and charges; possible changes in the provision of financial aid; uses to which the revenues from fees and charges could be put; and ways of levying existing authorized fees more equitably. (HB)

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FEE CONTINGENCY PLAN

Staff Presentations: Chuck McIntyre
Director of Analytical Studies

Board of Governors of the
California Community Colleges

Special Committee Meeting
August 27, 1982

Committee of the Whole
October 8, 1982

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Board of Governors of the
California Community Colleges
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Item: Fee Contingency Plan
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Summary

This item presents information on specific questions and several policy alternatives for use by the Board of Governors' Special Committee on Fee Contingency Plan in its further discussions on August 27, 1982. The following topics are addressed.

A. STUDENT CHARGES IN SELECTED COMMUNITY COLLEGES

Fee policies and practices vary widely in ten California Community College districts surveyed.

B. STUDENT CHARGES AT THE UNIVERSITY AND STATE UNIVERSITY

Student fees in the four-year segments are used largely for student support services and student financial aid.

C. POLICIES IN OTHER STATES

Wide variation exists in specific policies employed by the fifty states for tuition and student financial aid.

D. POSSIBLE IMPACT OF FEES

Research findings and several documented experiences can serve to guide those attempting to predict the likely impact of various fee policies.

E. POLICY ALTERNATIVES

A number of fee policy alternatives, including financial aid techniques, emerge from prior discussions and may be analyzed in a preliminary fashion.

A. STUDENT CHARGES IN SELECTED COMMUNITY COLLEGES

This is a review of fee practices in a sample of ten community college districts. These districts were asked to provide information as to their general fee policy and the type of fees charged. They were asked about fee levels and about how much fees actually cover the cost of providing the services for which they are charged. Districts were also asked about the impact on student enrollment which resulted from the imposition of a new fee or change in an existing fee.

Of the ten districts selected, five charge fees which are moderate to high relative to other districts statewide. The remaining five districts charge relatively low fees or no major student fees. (See Table 1.) Half of the districts are located in northern California with the remaining districts being chosen from southern California. The northern group includes two large districts, two medium districts and one small district. The southern group includes two large districts, one medium district and two small districts.

A final consideration for selecting each district was the community served. Categories chosen were urban (including suburban) and rural. Although not absolute, there are sufficient differences between the categories to ensure a mixture of communities served.

Districts contacted in the survey were: Butte, Cerritos, Coast, Foothill/DeAnza, Imperial, Los Angeles, Marin, San Francisco, South County and Victor Valley.

Policies

In general, no formal, comprehensive fee policies exist among the districts. However, to the extent that local governing boards' views have been reflected in the approval or disapproval of student fees, these views constitute policy. The local boards do have differing philosophical views toward student fees.

Six of ten districts governing boards do not seem opposed to the imposition of major fees such as health and parking. Three of these boards are explicitly concerned that the level of fees will affect the ability of low income and ethnic minority students to attend.

Boards in the four remaining districts are generally opposed to any fees, or at least any major fees, being imposed on students. Student access, particularly the ability of low income and ethnic minority groups to attend, is the primary reason these boards have opposed fees. These districts do not believe their financial aid programs would be sufficient to afford all persons an equal opportunity to attend if fees are imposed. Student fees are viewed as a threat to limit or to deny low income and ethnic minority students the opportunity to attend the only postsecondary institutions available economically to them.

In one district, parking fees were recently approved, while health fees were not. The acceptance of parking, rather than health fees, was based on the former being a user charge only to those who want to park on campus. The health fee would have been mandatory for all students, whether or not they used the service.

Most districts that oppose fees are large and serve communities with substantial low income and ethnic minority populations. There is also strong student opposition to fees in these districts.

Other issues were related to a district's particular concern or situation. One district governing board opposes parking fees because the district cannot guarantee all students a parking space. Another district feels the low maintenance cost and the minimal service offered does not justify the cost of collecting a parking fee.

Fees and Rates

Six of the districts charge major student fees such as parking, health or transportation (See Tables 1 and 2). Almost all the districts charge a student records fee, instructional materials fee (in selected courses), and community service class fee.

In only two districts are the major student fees charged at the state maximum allowable level. Generally, fee rates are determined by the estimated cost of providing the service. The cost of collection and administration of fees is not a part of the fee. Since fees are restricted in their use, governing boards, often confronted with student opposition, do not levy fees beyond the estimated costs of providing the minimum service.

While most of the districts do not have detailed data for the separate costs of providing the services and administering the fees, only two districts stated the revenue was sufficient to cover the expenditures for the service. One of these two districts, as well as other districts, report that much needed maintenance of parking facilities is being deferred.

For services partly supported by fees, remaining expenditures are supported by general funds. Exception is the child development centers which often are supported also by federal and state funds. In most of the districts, revenues support an estimated 20 to 80 percent of the services for which they are levied. In general, the larger the district, the less fees support fee-related services. For those districts which charge few fees and/or no fees, the cost of services is supported primarily by general funds.

TABLE 1
Number of Selected Districts Charging Fees

District Type	Parking Fee	Health Fee	Other Fees	Total Districts
Large Urban	2	2	3	4
Medium Urban	2	2	2	2
Medium Rural	0	0	0	1
Small Rural	2	1	2	3
TOTAL CHARGING FEE	6	5	7	10

TABLE 2
Revenue from Student Charges
1981-82

District	Fees for Classes	Nonresident Tuition	Health Fees	Parking Fees	Other Charges	TOTAL
Butte	\$ 10,000.	\$ 65,000.	\$ 60,000.	\$ 300,000.	\$ 0	\$ 435,000.
Cerritos	0	550,000.	0	0	0	550,000.
Coast	340,600.	1,000,000.	440,980.	200,000.	481,000.	2,462,580.
Foothill-DeAnza	953,519.	1,000,000.	492,850	300,000.	50,200.	2,796,569.
Imperial	5,000.	124,000.	0	25,000.	110,150.	264,150.
Los Angeles	2,569,729.	3,200,000.	0	0	0	5,769,729.
Marin	537,500.	310,000.	92,000.	45,000.	94,000.	1,078,500.
San Francisco	0	903,102.	0	0	14,268.	917,370.
South County	0	175,000.	0	0	0	175,000.
Victor Valley	9,000.	75,000.	0	0	1,000.	85,000.

Source: Chancellor's Office Financial Data.

Impact of Fees

None of the districts have conducted studies to determine the impact on students of charging various fees. Only one district with high fees reports any noticeable impact on enrollments. A drop in certain class enrollments was noted after the classes were shifted to community service classes in order to charge fees. While several districts express concern over the possible impact fees may have upon low income students, no such impact is reported.

There may be several reasons why districts report little impact from existing fees. First, the districts which charge higher fees do not generally serve large low income populations. Second, with respect to parking, only those students who choose to park on campus are affected. In urban communities, a substantial proportion of low income population may use public transportation rather than automobiles. Therefore, a parking fee would not affect such a population as much. Third, fees imposed recently have been minimal. Few districts charge the maximum allowable rates. Fourth, districts which have charged fees for several years serve communities and students who are somewhat accustomed to the level of fees such that no noticeable impact has occurred recently. Fifth, some of the districts serve communities whose residents have few or no other postsecondary alternatives except their community college. Finally, those districts where the greatest impact may be expected have not generally imposed high or major fees.

Provisions for Lessening the Impact of Fees

Only one district reported a formal mechanism to waive fees. Here, the associate dean of students determines a student's ability to pay. Arrangements are then made for a fee waiver, a payment plan, or referral to financial aid. Other districts reported they had no fee waiver provisions for low income students but relied upon their financial aid programs to lessen the impact upon those students who are unable to pay. A health fee waiver for senior citizens was offered by one district. Another district provides a health fee waiver for religious beliefs. Those districts charging almost no or minimal fees do not have fee waiver policies since they do not seem needed. Some of the districts which have just begun to levy fees have not as yet developed a policy to deal with students who may be unable to pay the new fees.

It appears that most districts will rely upon their financial aid programs more than fee waivers to ensure access by low income students. Nevertheless, the fee waiver does appear useful to ensure access to particular groups whose situation cannot be dealt with effectively by financial aid as in the case of particular religious groups or senior citizens.

The Selected Districts

Butte charged the highest fees of the sampled districts last year. These fees averaged \$55 per ADA (See Table 3). The district does not have an explicit fee policies but obviously favors their use. The maximum legal rate is charged for parking, transportation and health. The district also charges for program changes, late admission, student records and community service classes and activities. The health program is totally supported by fees. Fees pay for 90 percent of parking and transportation with the remaining ten percent coming from the general fund. The district does not count the cost of administration in these programs. Fees are waived for low income students. The Associate Dean of Students interviews students applying for such waivers to determine eligibility. In each case the fee may be waived, an installment payment plan established or financial aid given depending on the individual case.

Imperial Community College District favors student fees as long as the revenues exceed the cost of collection. They do not however, have a formal fee policy. District fees averaged \$41 per ADA last year. A parking fee of \$15.00 covers the total cost of this service. There is no system of fee waivers, but a strong financial aid program.

Marin does not have a formal fee policy, but generally favors fees, given a concern about the impact on low income students. Last year the fee per ADA was \$29. The fees charged are primarily used for parking, health and student services. Fees also are charged for late admission, materials and community services. Marin is not able to provide a cost breakdown but indicates that fee income did not meet the cost of providing any of the services. The only impact on enrollment was a slight drop in community service classes when fees were initiated. Marin has no fee waiver for low income students but does refer them to financial aid.

The primary fees in the Coast district are for parking, transportation and health. Fee also are charged for physical education, program changes, late application, insurance, student records, community services, instructional materials and child development services. Eighty percent of the cost of health services is paid for by fees. Coast does not have a breakdown on other services but they feel that a similar ratio would also apply. They have not noticed any impact on enrollment from the imposition of these fees. They do not waive fees for low income students but do refer them to financial aid for a loan or grant.

The Foothill-DeAnza Community College District Board of Trustees favors charging fees up to the point where fee revenue covers the cost of service. The Board estimates the cost of providing a service and sets the fee accordingly. Last year the district charged an average of \$20 per ADA primarily for parking and health services. They also charge an instructional material fee. Fees cover 100 percent of the cost of providing the service including fee collection and administration. There has been no noticeable impact on enrollments after fees have been imposed. Only the health fee is waived for senior citizens. Low income students must apply for financial aid.

TABLE 3
AVERAGE FEES
CALIFORNIA COMMUNITY COLLEGES
1981-82

DISTRICT	FEE REVENUE PER ADA
Lake Tahoe	\$ 68.24
* Butte	54.81
Chaffey	44.24
Coachella Valley	43.86
Saddleback	43.34
Sonoma	41.88
* Imperial Valley	40.75
Rio Hondo	40.27
Sweetwater	35.66
Ventura	34.93
Mira Costa	32.87
Citrus	32.66
* Marin	29.40
Pasadena	28.80
Sequoias	28.68
San Luis Obispo	28.62
Palomar	27.84
* Coast	27.74
North Orange	27.41
Gavilan	26.05
Siskiyou	23.52
Riverside	22.57
State Center	21.27
Yuba	20.91
Solano	20.37
* Foothill/DeAnza	20.20
West Valley	20.10
Mt. San Antonio	19.54
Glendale	18.90
Cabrillo	18.49
Mendocino	18.25
Rancho Santiago	17.89
Merced	17.54
Yosemite	17.18
Grossmont	16.96
Peralta	16.44
Monterey Peninsula	16.25
Sierra	15.82
San Bernardino	15.76
Santa Monica	14.79
Allan Hancock	12.77
Fremont Newark	11.81

AVERAGE FEES (Cont'd.)

DISTRICT	FEE REVENUE PER ADA
West Kern	\$ 11.78
San Jose	11.55
Santa Barbara	11.46
Los Rios	11.10
San Diego	10.94
San Mateo	10.73
Long Beach	10.33
Redwoods	9.11
Lassen	8.54
Kern	7.17
Contra Costa	6.50
San Joaquin Delta	5.63
Mt. San Jacinto	5.24
West Hills	3.37
Napa	3.69
Palo Verde	2.55
Barstow	2.27
Antelope Valley	1.41
Compton	.85
Hartnell	.78
* Los Angeles	.32
* San Francisco	.28
* Victor Valley	.24
El Camino	.09
Santa Clarita	.00
* South County	.00
Cerritos	.00

The Los Angeles District Board is generally opposed to fees, although it has set a \$10 fee for parking this year. The only other fees charged are for student records and the child development center. The district estimates that the parking fee will cover less than 25 percent of total costs for this service. Child development center fees cover less than one-sixth of the total cost. The district does not expect any impact on enrollment as the result of the new fee. There are no fee waivers for poor students; they are referred to financial aid.

The San Francisco Community College District Board of Trustees is concerned about the impact of imposing fees on the poor and minorities, although the Board is considering health and parking fees. The only fees charged are for laboratory, student records, and late application. After Proposition 13, the district noticed an increase in the number of resident students registered when they imposed nonresident fees. There are no fee waivers. Low income students are referred to financial aid.

The Victor Valley District prefers not to charge any general fees since they may severely impact enrollments. The district cites high unemployment, isolated locale, and the cost of collecting and administering the fee as negative factors. There is a charge for transcripts, community services and instructional materials. They do not waive fees for low income students.

South County is opposed to general fees, citing need for open door, affirmative action, and equal access. They charge only for transcripts.

Cerritos will propose charges for parking and health services, set at a level which will cover total cost. They have not considered any waiver policy as yet.

B. STUDENT CHARGES AT THE UNIVERSITY AND STATE UNVIERSITY

This is a review of practices for charging students at the University of California (UC) and California State University (CSU).

University of California

It is the policy of the Regents of the University of California that no resident tuition be charged. All fees that are collected are used for student services and student financial aid. The principal exception to this policy is UC Extension where students pay the total cost of their education. It is also UC policy to put approximately 20 percent of new fee revenues into student financial aid to mitigate the negative impact of fees on poor students. UC intends to develop a comprehensive fee policy as part of their master planning effort.

The University imposes two types of student charges: tuition and fees. Tuition is broadly defined as student charges for teaching expense and is charged only to students who are not legal residents of California, including foreign students. Fees are charged to all students for services not directly related to instruction such as: health, special clinical services, job placement, housing and recreation.

The two major fees are the educational fee and registration fee. The educational fee is centrally administered and is the same at all campuses. Graduate students pay \$60 more per year than undergraduates. Educational fee revenues are used for student affirmative action, financial aid, and other student services. The registration fee, by contrast, is administered by the campuses. Rates are allowed to vary, up to a maximum set by the Regents. Registration fee revenues are used primarily to support the activities of the Student Services program.

Prior to 1978, the Registration Fee supported the cost of administering student financial aid and a small portion of instruction and departmental research laboratory costs. At that time student financial aid costs were shifted to the Educational Fee and laboratory costs to the General Fund.

The Educational Fee supported capital outlay and certain operating costs between 1970, its inception, and 1976. In 1976 the Regents designated the fee solely for financial aid and related programs. In 1981 the fee was increased to offset State General Fund reductions in student services.

Table 4 displays these two fees for the current fiscal year.

Generally, there are few exemptions from the fee requirements. Where disadvantaged students would be priced out by fee increases, the University provides 20 percent of the new fee revenue for student financial aid. Except for Miscellaneous Fees and Service Charges, no fees of any kind are assessed any surviving child of a California resident who was an active law enforcement or active fire suppression official and who was killed in the performance of active duties, or who died as a result of an accident or injury caused by external violence or physical force incurred in the performance of his duties. The same is true for certain U.S. military dependents or survivors.

The revenue from the registration fee and the education fee is "restricted" in that it is not combined with the State General Fund. It is accounted for and budgeted separately, and is not accountable under the State's budget process.

The University is not able to provide expenditure data for comparison with fee income. Table 6, however, lists these fees by the restricted and general fund category.

TABLE 4

Annual Tuition and Fees at the University of California
1982-83

Source	Amount
Tuition (nonresident and foreign only)	\$3,150
Educational Fee	
Undergraduate	625
Graduate	685
Registration Fee	510
TOTAL UNDERGRADUATE FEES	\$1,135

In addition to these fees, the University of California has a number of miscellaneous fees and service charges as shown in Table II.

TABLE 5

University of California
Miscellaneous Fees and Service Charges
1982-83

Source	Amount
<u>Fees</u>	
Application Fee	\$ 30
Candidacy for Doctorate	25
Duplicate Diploma	22-35
Health Certificate (Teacher)	10
Master's & Doctorate Filing Fee	10
Special Library Borrowing Privilege	10
Transcript of Record	3
<u>Service Charges</u>	
Breakage	Replacement Cost
Change in Study List	3
Duplicate Registration Cards	3
Duplicate Student I. D. Card	3
Late Filing of Candidacy for Bachelors	3
Late Filing of Study List	50
Late Payment of Fees	50
Reinstatement Fee	10
Removal of Grade I or E	5
Returned Check	10
Credit by Examination	5

TABLE 6

University of California
Selected Fund Sources by Category

Restricted	General Purpose
Education Fee	Nonresident Tuition
Registration Fee	Overhead on Federal Contracts State Share
UC Extension Fee	State General Fund
Endowments	
Auxiliary Enterprises	
Hospital Patient Charges	

All restricted funds, except the registration fee and education fee revenues, share two characteristics. First, the revenue can only be used for certain program areas. For example, fee revenue from UC Extension programs can only be used to pay the costs of operating the UC Extension. Second, these restricted funds are spent for purposes for which other funds (including the General Fund) cannot. For example, auxiliary enterprises funds are used to support student housing and parking, expenditures which cannot come from the General Fund. These restricted funds are used for independent, self-supporting (including capital and maintenance costs) operations which limit their expenditures to the amount of revenue generated.

The Education Fee and Registration Fee funds meet only one of the two restricted fund characteristics. While use of these revenues is restricted to noninstructional programs, these revenues are frequently supplemented by revenues from other sources, mainly the General Fund, in supporting various noninstructional activities. In this regard, student fee income is used like general purpose. It can be argued that the Regent's decision to use income from increased student fees as a direct offset to state General Fund reductions has eliminated meaningful restrictions on the use of student fees. Under this reasoning, the student fee revenue can be viewed as another source of general purpose funds.

Table 7 shows the amount of student fees and tuition allocated to various UC activities.

TABLE 7
University of California
Use of Student Fees and Tuition by Program
(1982-83 Budget)

Program	Amount	Percent of Total Fee and Tuition	Percent Fee is of Total Expenditure*
INSTRUCTION			
General Campuses	\$ 469,000	0.2	0.1
Summer Session	7,796,000	3.8	100.0
University Extension	59,019,000	28.4	100.0
Total Instruction	\$ 67,284,000	32.4	8.8
PUBLIC SERVICE:			
Community Service	\$ 4,142,000	2.0	35.6
ACADEMIC SUPPORT			
Intercollegiate Athletics	\$ 1,100,000	0.5	85.4
Ancillary Support - General Campus	814,000	0.4	13.2
Total Academic Support	\$ 1,914,000	0.9	25.7
STUDENT SERVICES			
Social and Cultural Activities	\$ 14,450,000	7.0	90.3
Supplemental Educational Services	6,139,000	3.0	98.0
Counseling & Career Guidance	18,337,000	8.8	94.9
Financial Aid Administration	9,383,000	4.5	95.0
Student Admissions & Records	450,000	0.2	3.2
Student Health Services	\$ 21,103,000	10.0	82.8
Total Student Services	\$ 69,862,000	33.7	76.9
INSTITUTIONAL SUPPORT			
General Administrative Services	\$ 1,930,000	0.9	4.9
Logistical Services	20,000	0.1	0.1
Total Institutional Support	\$ 1,950,000	1.0	1.3
STUDENT FINANCIAL AID	\$ 40,283,000	19.4	85.7
AUXILIARY ENTERPRISES	\$ 1,697,000	0.8	1.2
UNALLOCATED ADJUSTMENTS			
Provisions for Allocation	\$ 8,245,000	4.0	22.7
UNSPECIFIED PROGRAMS	\$ 12,200,000	5.9	71.4
TOTALS: BUDGETED PROGRAMS	\$207,577,000	100.0	8.5

*For each specific line item.

Source: Governor's Budget, 1982-83.

California State University

The California State University (CSU) does not have a comprehensive fee policy, except that fees will be kept at as low a level as is consistent with maintaining a quality educational program and services. CSU is currently in the process of developing an overall fee plan and policy to be completed next year.

CSU has two basic types of fees: 1) those which must be paid as a condition of registration, and 2) user fees charged for specific services provided. A breakdown of fees by these classifications is shown in Table 8.

The major Student Services fee was once called the Materials and Service Fee and, until 1978, covered a portion of costs for student services and for "instructional supplies and audio visual materials." Since that time the fee has been used primarily for student services.

TABLE 8
Fees by Type and Amount
California State University and Colleges
1981-82

Type of Fee	Amount
FEES NECESSARY FOR REGISTRATION	
Student Services Fee	\$216
State University Fee (1-5.9 Units)	48
State University Fee (6 or more units)	150
Instructionally Related Activities Fee	6
Student Body Center Fee	20-60
Student Body Association Fee (6 Units or Less)	10-29
Student Body Association Fee (Over 6 units)	20-29
TOTAL (6 units or less)	\$300-362
TOTAL (over six units)	\$402-464
OTHER USER FEES	
Application Fee	Late Change of Program
Extension Fees	Graduation/Diploma Fee
Degree Fees	ID Card Fee
Facilities Fees	Breakage Fee
Housing Fees	Late Registration Fee
Nonresident Tuition	Parking Fee
Summer Session Fees	Transcript
Check Return Fee	

Basic fees are required of all regularly enrolled students through actions by the Board of Trustees, the Chancellor and the individual campuses. Full-time resident students' basic fees range from \$402 at California State College, Bakersfield, to \$464 at California State University, Fresno. Part-time basic student fees range from \$300 to \$362 for the academic year.

Three of the basic fees are charged uniformly to all California residents enrolling in the CSU system. These are the Student Services Fee, which for 1982-83 will be \$216, a \$6 Health Facilities Fee, and the System's new State University Fee of \$48 for students taking less than 6 units and \$150 for students taking 6 or more units each term throughout the year.

Variations in basic fees are determined by the various CSU campuses for the Instructionally Related Activities Fee, the Student Body Center Fee and the Student Body Association Fee.

In 1981-82 there was a two-tier Student Services Fee of \$175.50 for part-time students and \$205.50 for students taking more than 6 units, and the Health Facilities Fee was \$6. However, to help meet an unanticipated state budget deficit a \$46 Emergency Surcharge was assessed all student for the last six months of the fiscal year.

This charge, called the State University Fee, was implemented as a result of \$41.8 million in state funding reductions to the CSU. In addition, \$3.4 million was appropriated to provide \$100 per year grants to partially offset the fee increases for an estimated 34,000 financially needy students. In addition, the Student Services fee is now the same for all students, whether full- or part-time.

Out-of-state and foreign students in the coming academic year are charged tuition of \$72 per quarter unit or \$105 per semester unit, in addition to fees paid by California residents. Thus, a nonresident student taking 15 units per term will pay \$3,150 in tuition for the 1982-83 academic year, compared with \$2,835 last year.

While state appropriations to support the CSU remain virtually unchanged at approximately \$970 million this year, student support is expected to rise by about one-third in the form of fee reimbursements to the State General Fund. These reimbursements are expected to be about \$156.9 million in fiscal 1982-83, up from About \$119.5 million last year.

At present, the Student Services Fee is a reimbursement to the General Fund in support of the following student services.

1. Social and Cultural Development Activities: provides for the coordination of various student activities, student organizations, student government, and cultural programs.
2. Counseling: includes the cost of counselor's salaries and clerical support, operating expenses, and equipment.

3. Testing: covers the cost of test officers, psychometrists, clerical support, operating expenses, and equipment.
4. Placement: provides career information to students and faculty for academic program planning and employment information to students and graduates.
5. Financial Aids Administration: includes the cost of the counseling and business services provided in connection with the financial aid programs.
6. Health Services: provides basic out-patient health services to students and covers the cost of salaries of medical officers and nurses plus related clerical and technical personnel as well as operating expenses and equipment.
7. Housing: includes the cost of personnel providing student housing information and monitoring housing services.
8. Student Services Administration: covers 50% of the cost of the Dean of Students Office which has responsibility for the overall administration of student services.

The State University Fee is also a reimbursement to the general fund. Income generated by Extension Instruction (which is totally self-supporting) is in the restricted Continuing Education Fund. Other restricted funds are the Dormitory and Parking Funds.

Expenditures from these fees and from nonresident tuition are shown in Table 9.

TABLE 9
California State University
Use of Tuition and Fees
1982-83

Expenditure Area	Amount	Percent of Total Fee and Tuition	Fee is Percent of Total Expenditure*
INSTRUCTION			
Regular	\$ 34,148,000	14.7	5.2
Special Session	8,484,000	3.6	100.0
Extension	4,535,000	2.0	100.0
Total Instruction	\$ 47,167,000	20.3	7.1
CAMPUS COMMUNITY SERVICE	\$ 769,000	0.3	100.0
ACADEMIC SUPPORT			
Libraries	\$ 3,953,000	1.7	6.3
Audiovisual Services	59,000	0.02	0.5
Computing Support	76,000	0.03	0.2
Total Academic Support	\$ 4,088,000	1.8	3.5
STUDENT SERVICES			
Social & Cultural Development	\$ 4,536,000	2.0	100.0
Counseling	20,856,000	9.0	99.9
Financial Aid	19,886,000	8.6	29.8
Student Support	25,919,000	11.1	89.4
Total	\$ 71,197,000	30.6	51.9
INSTITUTIONAL SUPPORT			
Executive Management	\$ 9,030,000	3.9	30.5
Financial Operations	11,056,000	4.8	46.5
General Administrative Services	10,313,000	4.4	25.0
Logistical Services	7,776,000	3.3	16.3
Physical Plant Operations	19,334,000	8.3	14.1
Faculty and Staff Services	794,000	0.3	5.3
Community Relations	1,179,000	0.5	19.9
Total Institutional Support	\$ 59,482,000	25.6	19.9
INDEPENDENT OPERATIONS	\$ 49,805,000	21.4	100.0
TOTAL SUPPORT BUDGET	\$232,508,000	100.0	16.03

Source: Governor's Budget, 1982-83.

*For each specific line item.

C. POLICIES IN OTHER STATES

Tuition Policies

Differing policies and methods are employed by the 50 states in determining tuition and general fee levels for postsecondary education. Although policies may be theoretically categorized, no one policy is strictly and solely adhered to by a state to charges. Pragmatism seems to force each state to utilize a combination of policies and approaches in setting tuition. The major policies and approaches generally employed are cost of education, external cost indices, benchmarks, and Legislative process. (A summary of tuition policies is shown in Table 10 and annual fees in Table 11.)

The cost of education approach employed in some form by 17 states calculates the cost of services provided and tuition is set to cover a specified percentage of these total costs. These Cost Estimates may be further differentiated among segments within the state. There is considerable variation in the types of services included in the cost estimate. Some states include the cost of organized research and public service activities while others do not. The types of activities included in cost is crucial to any comparisons among states. The percentage of cost which the student must pay through tuition can be significantly altered by adding or deleting activities from the estimate. It is also necessary to compensate for the potential effect of declining enrollment on tuition costs. If enrollment should quickly and significantly decline and certain costs remain fixed, the net result is increased tuition for the remaining students. The resulting effect would be to penalize those students enrolled simply because of declining enrollment.

Another method of setting tuition is through the use of external indices such as the Consumer Price Index, per capita income, or the Higher Education Price Index. These indices are used to estimate cost increases in goods and services purchased by colleges in order to provide education. Tuition is then adjusted to reflect these increases. In order to minimize the regressive effects of this type of policy, states apply the adjustments differentially to students based upon financial need or parent income. This approach to tuition may significantly increase the students' share of the cost of education in the state's contributions is not similarly adjusted.

An additional approach employed by some states in setting tuition is the use of benchmarks, peer institutions or market areas. This approach basically involves comparison of tuition charged by similar institutions in a contiguous market area. The choice of peer institutions significantly determines the type of adjustments to be made. Also, if the peer institutions' tuition levels are determined by economic conditions within the other state, then tuition would be adjusted on the basis of economic factors not necessarily relevant to the home state.

TABLE 10
TUITION POLICIES AMONG THE STATES

<u>State</u>	<u>Statewide Policy?</u>	<u>Base</u>	<u>Tuition as a Percent of Cost</u>
Alabama	No		
Alaska	No		
Arizona	Yes	Cost of education	Resident:20%;Non-res:85% or 72%
Arkansas	No		
California	Yes	"No tuition for residents"	Not applicable
Colorado	Yes	Cost of education	UG resident: 25%, Non-res: 110% Grad: 105% of undergrad.
Connecticut	No		
Delaware	No		
Florida	Yes	Cost of education	30%, but not in general use
Georgia	No		
Hawaii	No		
Idaho	No		
Illinois	Yes	Base level amount	Res. Undergrad: Maximum of 1/3
Indiana	No		
Iowa	No		
Kansas	Yes	Cost of education	Resident: 25%;Non-res:2 1/2 times resident Not applicable
Kentucky	Yes	Benchmarks/per capita income	
Louisiana	No		
Maine	Yes	Cost of education	UG:Res:35%; Non-res:100%; Grad: 115% of UG
Massachusetts	Yes	Cost of education	UG:Res:25%; Non-res:100%; Grad: 125% of UG.
Maryland	No		
Michigan	No		
Minnesota	No		
Mississippi	No		
Missouri	No		
Montana	Yes	Cost of education & peer groups	Not applicable
Nebraska	No		
Nevada	No		
New Hampshire	Yes	Cost of education	Non-resident: 100%
New Jersey	Yes	Cost of education	UG:Res:30%; Non-res:45%,Grad:45%
New Mexico	Yes	Cost of education	Not applicable
New York	No		
North Carolina	No		
North Dakota			
Ohio	Yes	Cost of education	Not applicable
Oklahoma	Yes	Cost of education	Res: 30%; Non-res: 100%
Oregon	Yes	Cost of education	UG:Res:23%; Non-res:112.5%; Grad: 112.5% of Undergrad

(CONTINUED)

TABLE 10, continued

Pennsylvania	No		
Rhode Island	Yes	Cost of education	
South Carolina	No		
South Dakota			
Tennessee	Yes	Indexed to state appropriations	Res:24%-35% of appropriations; Non-res: 80%-90%
Texas	No		
Utah	Yes	Factors related to access & Equity	Not applicable
Vermont	No		
Virginia	Yes	Cost of education	UG.30-35;Community Col:23.6%
Washington	Yes	Cost of education	UG: Res:33%;Non-res:100%; Grad: 120% of Undergraduate
West Virginia	No		
Wisconsin	Yes	Cost of education	UG: Res:25%; Non-res:100%; Grad: Res:22%; Non-res: 70%
Wyoming	No		

SOURCE: Maryland State Board for Higher Education, 1982.

TABLE 11
NATIONAL PUBLIC COMMUNITY COLLEGES
ENROLLMENT AND FEES
FALL 1980

STATE	ANNUAL FEES				ENROLLMENT		PART. RATE		NO. COLLEGES
	AVR.	RANK LOW - HIGH	LOW	HIGH	NO.	RANK	%	RANK	
Alabama	\$ 340	11	\$ 300	\$ 416	74,745	17	1.92	16	39
Alaska	420	23	340	572	13,693	39	3.42	4	12
Arizona	562	36	45	2,740	114,290	10	4.21	2	17
Arkansas	384	18	264	456	11,590	41	0.51	43	9
California	11	1	0	15	1,212,810	1	5.12	1	107
Colorado	528	32	293	644	41,962	23	1.45	24	12
Connecticut	358	15	347	407	41,987	22	1.35	27	17
Deleware	529	34	529	529	6,922	45	1.16	32	1
Florida	392	20	312	496	206,844	6	2.12	13	28
Gerogia	460	26	429	548	37,038	28	0.68	39	16
Hawaii	92	2	90	105	21,211	32	2.20	11	7
Idaho	440	24	400	480	4,178	47	0.44	44	2
Illinois	396	22	124	900	347,964	2	3.05	6	46
Indiana	736	45	660	810	29,166	31	0.53	42	14
Iowa	583	38	523	669	41,772	24	1.43	25	18
Kansas	394	21	224	500	36,889	29	1.56	21	20
Kentucky	479	27	390	696	20,956	33	0.57	41	13
Louisiana	274	7	16	372	14,241	38	0.34	46	5
Maine	678	43	525	1,020	8,509	43	0.76	38	8
Maryland	542	35	281	825	91,690	14	2.18	12	19
Massachusetts	528	33	447	687	72,957	18	1.27	29	17
Michigan	524	31	320	726	208,037	5	2.25	10	29
Minnesota	615	40	419	1,467	39,636	25	0.97	36	21
Mississippi	349	13	280	490	37,469	27	1.49	23	16
Missouri	373	17	210	480	53,994	19	1.10	34	13
Montana	273	6	195	338	2,956	48	0.38	45	3
Nebraska	498	30	402	707	29,294	30	1.87	17	9
Nevada	391	19	390	395	19,931	34	2.49	8	4
New Hampshire	639	42	625	652	6,176	46	0.67	40	2
New Jersey	566	37	370	634	102,619	13	1.39	26	16
New Mexico	260	5	0	3,484	16,643	35	1.28	28	8
New York	903	47	670	1,100	263,198	4	1.50	22	43
North Carolina	143	3	0	184	104,360	12	1.78	18	56
North Dakota	636	41	534	822	7,525	44	1.15	33	6
Ohio	886	46	420	1,280	149,661	8	1.39	26	52
Oklahoma	369	16	240	1,050	49,022	20	1.62	19	15
Oregon	446	25	399	510	76,942	16	2.92	7	13
Pennsylvania	724	44	616	880	79,396	15	0.67	40	11
Rhode Island	494	29	494	494	11,844	40	1.25	31	1
South Carolina	489	28	330	800	39,432	26	1.26	30	22
South Dakota	--	--	--	--	--	--	--	--	--
Tennessee	319	10	270	360	44,998	21	1.00	34	12
Texas	207	4	108	394	280,691	3	1.97	15	71
Utah	446	25	192	552	14,594	37	1.00	35	5
Vermont	1,065	48	670	1,460	2,609	49	0.51	43	2
Virginia	354	14	305	600	111,548	11	2.09	14	27
Washington	312	8	293	342	171,760	7	4.16	3	27
West Virginia	346	12	288	400	16,582	36	0.85	37	8
Wisconsin	592	39	275	856	147,376	9	3.13	5	41
Wyoming	313	9	170	380	11,245	42	2.43	9	7

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The most widely used method of setting tuition is the legislative or political process. The overall power to set tuition is retained at the state level either by the Legislature or an appointed board. Tuition is set through a lobbying and budgetary process. Preliminary information indicates that at least 27 states rely upon this method.

Financial Aid

There appears to be three general approaches to supplying the financial aid necessary to maintain equal access: tuition waivers, need-based financial aid, and reliance upon federal aid programs. Regardless of methodology employed in setting tuition, the most widely favored approach is the combined use of state and federal funds for need-based financial aid to students to offset the tuition impact on lower income students. This financial aid is most often in a form of need based scholarships. This is combined by many states with need-based loans. These loans and scholarships are intended to supplement the federal financial aid programs available to students.

The tuition waiver is employed by several states with widely varying techniques. The basic effect is to waive tuition for students who cannot pay and charge tuition for those who can pay in order to recover the lost revenues. Tuition waivers also appear in the form of charging tuition at different levels based upon such factors as student unit load, level of instruction, residency, graduate status, age or type of institution.

In some states, the only sources of financial aid are federal programs. Those states are small in population or economically depressed, such as Wyoming, Mississippi, and New Hampshire.

Individual States

In North Carolina, students over 65 years-of-age pay no tuition and there is no tuition charged for priority programs such as high school diploma courses, public safety courses for firemen, police and emergency medical technicians, prison inmate courses and training courses for new and expanding industries. The designation of these courses is performed by the State Board. The North Carolina Scholarship Foundation and Vocational Education loans of up to \$300.00 are used to supplement federal aid to students on a need basis.

In Massachusetts, the two year colleges can grant tuition waivers for a total amount not to exceed 8% of their tuition revenues. At local board option, an additional 2% of tuition revenues can be waived. A similar system is used in Connecticut where a flat 10% of the tuition revenues can be waived.

State student financial aid is funded through the sale of general revenue bonds in Texas. Proceeds from the bond sales are then made available in the form of loans to students on the basis of need. This approach uses private capital to furnish financial aid to low income students.

In New York, tuition waivers are granted on the basis of a sliding scale according to ability to pay. The state sets the maximum limit on tuition and the local board determines the level within that maximum limit. Each student then pays a percentage of tuition based upon a sliding scale.

Tuition and fees are set at the local level under general state guidelines set by the Legislature in Ohio. Students who take 12 or more units are considered full-time and are charged at a lower rate per unit than are part-time students. The rationale is that part-time students cost more on a per unit basis because certain administrative costs are fixed and incurred regardless of the student load. A problem with this approach is that revenue projection is difficult because the ratio of full-time to part-time students varies each year. This also results in two students taking the same course and paying a different level of tuition.

In West Virginia, need based financial aid to students is supplied through a state funded scholarship program. These state funds are supplemented by a percentage of local student fee receipts.

Tuition Variation

There is wide variation in tuition policies among institutions or systems within the states. In general, tuition at community colleges is lower than tuition at the four year institutions. This differentiation is extended by states through charging tuition based upon factors such as student unit load, level of instruction, residency, graduate or undergraduate status or type of four year institutions (college vs. university).

The tuition charges based upon residency also varies among the states. In Arkansas, a tuition differential charge based upon district residency has been recommended by the state governing board. District residents would be charged approximately 15-20% of the cost of education and out of district residents would be charged 25-30% of the cost of education. Nonstate residents would be charged 75-90% of the cost of education.

There is a wide variation in the tuition charged nonresidents. Colorado charges 110% of the cost of education and Oregon charges 112.5% of the cost of education. The following states charge less than 100% of the cost of education: Arizona (85%), Kansas (75%), New Jersey (45%), Tennessee (80-90%), and Wisconsin (70%). A breakdown of tuition differentials is included as Table 12.

TABLE 12

State	Universities			State Colleges and Universities			1981-1982
	Resident-Non Resi-		Graduate Undergrad. Differential	Resident-Non Resi-		Graduate Undergrad. Differential	Community
	Differential			Differential			College
	Under	Graduate		Under	Graduate		Resident Non-
	Graduate	Graduate	Differential	Graduate	Graduate	Differential	Differential*
Alabama	Yes	Yes	No	Yes	Yes	Yes	\$ 375
Alaska	Yes	Yes	No	-	-	-	780
Arizona	Yes	Yes	No	Yes	Yes	No	2,021
Arkansas	Yes	Yes	No	Yes	Yes	No	280
California	Yes	Yes	Yes	Yes	Yes	No	2,200
Colorado	Yes	Yes	Yes	Yes	Yes	Yes	1,548
Connecticut	Yes	Yes	No	Yes	Yes	No	840
Delaware	Yes	Yes	No	-	-	-	576
Florida	Yes	Yes	Yes	Yes	Yes	Yes	462
Georgia	Yes	Yes	No	Yes	Yes	No	726
Hawaii	Yes	Yes	Yes	-	-	-	820
Idaho	Yes	Yes	Yes	Yes	Yes	Yes	624
Illinois	Yes	Yes	Yes	Yes	Yes	Yes	1,752
Indiana	Yes	Yes	Yes	Yes	Yes	Yes	1,340
Iowa	Yes	Yes	Yes	Yes	Yes	Yes	414
Kansas	Yes	Yes	No	Yes	Yes	No	975
Kentucky	Yes	Yes	Yes	Yes	Yes	Yes	628
Louisiana	Yes	Yes	No	Yes	Yes	No	630
Maine	Yes	Yes	Yes	Yes	Yes	Yes	815
Massachusetts	Yes	Yes	Yes	Yes	Yes	No	1,365
Maryland	Yes	Yes	Yes	Yes	No	Yes	540
Michigan	Yes	Yes	Yes	Yes	Yes	No	311
Minnesota	Yes	Yes	Yes	Yes	Yes	No	675
Mississippi	Yes	Yes	No	Yes	Yes	No	498
Missouri	Yes	Yes	Yes	Yes	Yes	Yes	649
Montana	Yes	Yes	No	Yes	Yes	No	493
Nebraska	Yes	Yes	No	Yes	Yes	No	244
Nevada	Yes	Yes	No	Yes	Yes	No	2,000
New Hampshire	Yes	Yes	No	Yes	Yes	No	-
New Jersey	Yes	Yes	Yes	Yes	Yes	Yes	1,582
New Mexico	Yes	Yes	No	Yes	Yes	No	771
New York	Yes	Yes	Yes	Yes	Yes	Yes	844
North Carolina	Yes	Yes	No	Yes	Yes	Yes	477
North Dakota	Yes	Yes	Yes	Yes	Yes	Yes	440
Ohio	Yes	Yes	Yes	Yes	Yes	Yes	315
Oklahoma	Yes	Yes	No	Yes	Yes	No	1,941
Oregon	Yes	Yes	Yes	Yes	Yes	Yes	343
Pennsylvania	Yes	Yes	Yes	Yes	No	Yes	1,258
Rhode Island	Yes	Yes	No	Yes	Yes	Yes	2,067
South Carolina	Yes	No	No	Yes	Yes	No	-
South Dakota	Yes	Yes	No	Yes	Yes	No	-
Tennessee	Yes	Yes	Yes	Yes	Yes	Yes	1,128
Texas	Yes	Yes	No	Yes	Yes	No	280
Utah	Yes	Yes	No	Yes	Yes	No	870
Vermont	Yes	Yes	No	Yes	Yes	Yes	760
Virginia	Yes	Yes		Yes	Yes	Yes	900
Washington	Yes	Yes	Yes	Yes	Yes	Yes	1,359
West Virginia	Yes	Yes	Yes	Yes	Yes	Yes	1,000
Wisconsin	Yes	Yes	Yes	Yes	Yes	Yes	2,151
Wyoming	Yes	Yes	No	-	-	-	397

SOURCE: Washington Council for Postsecondary Education.

As would be expected, the type and amount of student fees in addition to tuition varies among the states. Some states, such as Washington, discourage fees by deducting revenues received from the state appropriation. The most widely used approach, based on information from 33 states, is that a state maximum is set with local colleges able to determine charges to the maximum. In general, it also appears that states with tuition tend to charge lower fees; however, the information available on student fees is incomplete at this point.

D. POSSIBLE IMPACT OF FEES

Alternative student fee policies should be evaluated in terms of the changes they make in access, programs, and finance, and the extent to which these changes support or detract from community college goals, objectives and priorities.

Any fee increase will:

- a) reduce enrollment of certain types of students;
- b) impact programs and services by
 - concentrating
 - increasing workload involved in collecting fees and managing financial aid, and
 - changing the amount of revenue per student available to the college;
- c) change the college's budget by
 - raising fee revenues,
 - increasing student financial aid costs,
 - increasing fee and financial aid management costs,
 - reducing apportionment revenue (because of lost enrollment); and
- d) produce certain other related consequences such as higher employment and increased public assistance costs, among other factors.

It's not possible to predict with much confidence the likely enrollment decline that will come about as a result of a fee increase. In spite of this, however, research findings and several documented experiences that can serve to guide those setting fees. The research offers a number of important observations. Discussion of recent experiences with increased fees, while largely inconclusive, is also of interest.

Research Findings

A given increase in fees or tuition would result in a much greater proportionate loss of enrollment in the California Community Colleges (CCC's) than in either the State University (CSU) or University (UC) systems. This is because the existing cost of enrollment at CCC's is less and because CCC students are likely to be more responsive to a price increase than are CSU or UC students.

Existing fees and other enrollment-related costs for CCC students are \$200 per year less than those for CSU students and \$800 per year less than for UC students, respectively. Consequently, a \$50 or \$100 increase in fees constitutes a greater proportionate increase for CCC students than for UC or CSU students. For that reason alone, a greater percentage loss in CCC enrollment can be expected from a like fee increase in the three segments.

Second, increased costs to students, such as fees or tuition, would be partially offset by existing student financial aids, largely in the form of federal Pell Grants. For several reasons, however, these financial aids offset less than half of any cost increase, even for the most needy students. Basic Pell Grants are limited to one-half of cost increases and cannot be provided to students less than a half-time academic load. Fifty-four percent of CCC students are enrolled less than half-time. And, many of those CCC students who are eligible for aid do not apply either because they are unaware or unwilling. Less than sixty percent of those CCC students dependent upon parental incomes below \$12,000 per year (and generally eligible for aid) applied for Basic Grants in 1980.

The future of federal student financial aid is clouded by the administration's proposed changes to eligibility criteria and proposed reductions in aid appropriations. The ability of state aid programs such as EOPS and Cal Grants to fill the gap is limited by the amount of funds available and criteria for eligibility.

Third, CCC students are expected to be more responsive to proportionately equal price increases because they (CCC students) more often are self-supporting and low income and possess less academic preparation than their counterparts at the four-year institutions (see Analysis of Tuition and Fees, Sacramento: Chancellor's Office, California Community Colleges, December 1981).

Existing literature suggests that a ten percent increase in cost at a four-year college or university may result in a three to four percent decrease in enrollment. Specific research on community college students indicates that a ten percent increase in cost could result in a much larger enrollment loss, ranging from five percent to eight percent. And, while it can't be estimated, the psychological impact of CCC's imposing "tuition" for the first time is likely to be substantial.

Research findings also suggest that the greatest CCC enrollment losses from fee increases will be among students who are self-supporting and low income. Because of these factors, the largest proportionate losses will occur also among females and minorities. These estimates are based on the knowledge that the majority of low income, self-supporting students are female and that whites comprise a greater proportion of high income students than of low income students. Smallest proportionate losses would occur among males and whites. Losses among different age groups and among those with different levels of prior education or in different programs will depend upon the specific type of fee increase.

Fee increases adopted by CSU and UC this will result in some lower division students switching from UC and CSU to the CCC's. While possible numbers of such students can't be estimated with any precision, they likely will amount to less than one percent of total CCC enrollment or less than two percent of CCC ADA.

Fourth, the impact of various tuition and fee proposals on CCC revenues depends largely on (a) how the fee is charged: whether it is a flat charge per student or a per-unit levy, etc.; (b) the assumed price response and consequent estimate of enrollment loss; (c) whether the fee revenues supplement or supplant existing tax revenues; and (d) whether some part of the fee revenue can be turned back into student financial aid so as to minimize the reduction in access.

Without an explicit policy, a general charge would raise revenue, reduce enrollment and, as a result, reduce state apportionment. The net change in total community college revenues is uncertain, but there would be an increase in community college buying power (as measured by revenues per ADA) and a reduction in access.

Without new student financial aid programs, the possible enrollment loss may be so large that apportionment reductions exceed increases in tuition revenues, thereby resulting in a net loss in total CCC revenue. However, all proposals produce an increase in revenue per average daily attendance (ADA) since there are fewer students.

Experience with Actual Fee Increases

While not conclusive reports of the observed consequences of recent fee changes in New York, Virginia, Wisconsin, and California are instructive.

The effect of a tuition increase which was imposed by the City University of New York (CUNY) in 1976 is difficult to isolate and is the subject of much speculation. This is primarily because of other significant changes which were implemented simultaneously. Not only was tuition drastically increased from \$0 to \$700 for both two-year and four-year campuses, but admission requirements also were raised significantly. In contrast to the prior policy of open admission, the four-year colleges required that new freshmen rank in the upper 35% of their high school if they did not score at least 80 on their "CAA" (college admission average grades in high school academic courses). In the community colleges, the new admission policy required that new freshmen rank in the upper 75% of their class or have CAA of at least 70. Financial aid funds were increased for full-time freshmen who met the new requirements while the number of students eligible for G.I. benefits continued to decline.

The number of first-time freshmen applicants declined by 16%. The four-year colleges experienced a greater decline (18.9%) than the two-year colleges (10.9%) because of a shift in enrollments. Students who were no longer eligible for the four-year colleges applied to the two-year colleges and the students who no longer were eligible for two-year colleges did not enroll.

The total undergraduate enrollment in four-year colleges declined by 22.7%. Graduate enrollment declined by 30.6% and two-year college enrollment declined by 12.4%. The overall decline was 20.1% in total enrollment.

The major conclusion of the researchers was that the nature of the available data and uncontrolled influence of other intervening variables make it difficult to extrapolate CUNY's experience with tuition increases to other states. This conclusion is essentially correct in that conclusions and inferences based upon a statistically uncontrolled situation cannot be validated or replicated.

The Virginia State Department of Community Colleges has analyzed the relationship between tuition increases and enrollment trends from 1970 through 1978. While tuition increased from \$180 to \$300, enrollment also increased from 28,000 to 94,000. The research concluded that this was not the result of community college students being unaffected by tuition increases but rather the result of two other overriding factors. Virginia did not implement a community college system until 1965. During the period of study, the Virginia Community Colleges were expanding existing facilities and adding campuses and services in areas where community colleges had not before been available. This significantly increased enrollment regardless of statewide tuition increases. The research also concluded that the "baby boom" was becoming of college age and this contributed to enrollment increases. From this study, several factors will be used to project future enrollments and the impact of tuition increases: (1) the decline in the number of traditional college-age students; (2) the increase in the percentage of students from older (24 to 34 years) age groups; (3) the increase in the percentage of part-time students; (4) the greater sensitivity of older part-time students to tuition increases; and (5) the declining amounts of federal financial aid assistance to students.

The research also stated the impact of tuition increases was lessened because the rate of increase was lower than increases in per capita income.

In 1973-74, the University of Wisconsin conducted an experiment to measure the impact of lowering tuition upon enrollment. The University of Wisconsin system is comprised of two-year campuses and four-year campuses. At two of the two-year campuses, the annual tuition was lowered from \$429 to \$80 while tuition was held constant at other campuses in the system. Enrollment increased at one campus by 47% and by 23% at the other campus.

The research concluded that for every 1.0 percent reduction in the total cost of attending there was a corresponding 1.3% increase in enrollment. The research concluded further that the increase in enrollments was mostly from students who would not otherwise have attended.

The effect of lowering tuition on enrollment may not necessarily be the exact reverse of increasing tuition. There was no explanation in the Wisconsin review as to why the increase at one center was twice as great as the increase at the other institution. Furthermore, there was little evidence that variables such as economic conditions and student financial aid were controlled. For example, it would be interesting to know whether enrollments also increased at other campuses where tuition was held constant. These data would provide an estimate of net enrollment increase which would more accurately reflect the impact of a tuition decrease. However, data on the enrollment increases at other two-year campuses were not available.

Following Proposition 13 (1978), many courses in California Community Colleges were shifted from instruction (public tax support) to community services (fee support).

Twenty districts levied fees averaging \$15 per course, although the variation in charges between districts was dramatic. While expected student fee revenues (an estimated \$870,000 statewide) were not significant, the impact upon enrollment in fee-supported classes appears to have been significant. Approximately 2,000 such noncredit courses for which fees could be charged were scheduled to be offered. Nearly 900 of these were cancelled subsequently because fees were charged and resulting enrollments were insufficient to make the courses self-supporting.

The aging were particularly affected by 1978-79 fee charges along with program cuts. Many courses, attended primarily by seniors, were shifted from instruction to community services followed, in some cases, by cancellation of the course. Enrollment of those over sixty years-of-age declined by 41 percent and those in their fifties by 24 percent, both losses significantly greater than that (12 percent) which occurred among the general student population.

E. POLICY ALTERNATIVES

This section explores some possible fee policy alternatives, financial aid techniques, and a preliminary analysis of selected alternatives. Once the Board of Governors' Special Committee settles on specific alternatives it wishes to examine, staff will undertake more specific analyses.

Fee Policies

At its July 15, 1982 meeting, the Special Committee discussed a number of possible fee alternatives. From this and other discussions, at least six distinct alternative proposals emerge:

- (a) mandatory general fee for only those students who are not matriculated;
- (b) mandatory general fee only for these students who possess degrees or certificates or so many units of postsecondary education;
- (c) mandatory \$10 registration fee for all students;
- (d) mandatory annual fee of \$50 for full-time students and \$30 for part-time students, to be waived for the disadvantaged;
- (e) a mandatory fee of \$4 per unit; or
- (f) a permissive annual fee of up to \$50 for full-timers and \$30 for part-timers, with 15% of the fee revenue to be used for district equalization, 25% for student financial aid, and the remainder for college programs and services.

Prior to recommending a contingency plan for a new fee, the Board may wish to review and adopt policies regarding the existing eighteen permissive fees. At present, both the services and the fees are implemented at district discretion. (As noted in Section A. of this paper, practices vary widely among the districts.) One alternative to this policy is to require a student fee or fees that cover(s) the cost of the services plus the cost of administering the fee for those services that are provided.

Other issues that must be dealt with in the Board's contingency fee plan include:

- 1) the use of fees: as a substitute or supplement for other revenues;
- 2) the locus of administration: college, district, or state; and
- 3) the financial aid mechanism.

Financial Aid

Alternatives:

(A) Fee waivers or deferrals

Advantages - low administrative cost; documentation of need based on EOPS or Pell Grant eligibility; use of federal funds to offset state costs

Disadvantages - need 50% fee waiver for Pell recipients, need deadline for fee waivers or refund to students who paid but **later** established eligibility for waiver

(B) Campus-based funds allocated by the state

Advantages - possibility for equalizing funding of financial aid statewide; institutional need based on number of Pell recipients

Disadvantages - increased cost of administration; need for formula allocation system; additional accountability requirements at state level

(C) State grant system similar to Cal Grants

Advantages - equitable distribution of funds based on need

Disadvantages - high administrative cost; need for validation of applications; up-front cost to state

(D) University of California system

Advantages - part of fee used to fund financial aid operations and provide grants to needy students

Disadvantages - possibly less funds available to state general fund

Preliminary Analysis

The following is a preliminary analysis of the statewide consequences of four different fee alternatives:

- (A) annual fee increase of \$50 (\$30 for those taking less than 6 units) with increases in existing financial aids (Pell Grants, etc.);
- (B) annual fee increase of \$60 (\$40 for those taking less than 6 units) but with increases in existing financial aids matched by new financial aids from up to one-third of the fee revenue; and
- (C) annual fee increase or tuition of \$4 per unit with increases in existing financial aids.; and
- (D) annual fee increase of \$4 or \$20 per unit for students with more than 60 units or a degree.

It is estimated that proposal (A), the annual fee increase of \$50 (\$30 for those taking less than 6 units), would produce just over \$50 million in fee revenue or about a three percent increase in total CCC revenue (see Table 13). Even assuming that added federal, but not state, financial aid becomes available, the possible loss in enrollment is between 55,000 and 88,000 students: four to six percent (see Table 14), depending on whether a low estimate (-0.5) or higher estimate (-0.8) of price response (elasticity) prevails.¹ This loss in students results in a loss of apportionments to CCC's of between \$36 million and \$58 million. Thus, while total CCC revenues might remain about the same, the level of revenue per student could increase by as much as five percent since there would be fewer students.

The largest proportionate enrollment losses from proposal (A) occur among those individuals carrying six to eight units. This is due to the flat \$30 increase, levied without regard to academic load. Losses are relatively greater among the self-supporting and low income, despite the assumed increases in existing financial aids.

The loss in females exceeds that of males by one-third. Not only are there more CCC female students, but they more often are self-supporting and low income. The smallest losses are among those students under 22 years-of-age, and over 62 years-of-age. By contrast, the greatest loss is among those between 22 and 29 years-of-age since they carry moderate academic loads (often two courses) and are more likely to be self-supporting and low income.

Enrollment losses are significantly greater among minorities, particularly blacks, than among whites. Finally, those with bachelors' degrees are least affected since they have higher incomes.

Estimates by the California Postsecondary Education Commission (CPEC) for the same CCC fee increase proposal, i.e., \$50 and \$30, show a smaller 3.6 percent enrollment loss and, therefore, a net increase of \$13 million in total revenues, as well as an increase in revenue per student. The smaller enrollment loss estimated by CPEC is due largely to their use of lower price-response estimates, at levels similar to those of four-year college students. CPEC further estimates that a distribution of \$4 million in new student financial aid would induce about one-fourth of the "departing" students to remain, thereby reducing the possible enrollment loss to 2.7 percent.

A somewhat higher annual CCC fee increase of \$60 (\$40 for part-time students), but with up to one-third of the fee revenue used for new student financial aids, produces quite different results than those described for the fee proposal (A) above. Resulting enrollment losses are estimated at between four and seven percent (see Table 15), somewhat larger than those estimated to result from proposal (A). There would be a net increase in total CCC revenue and revenue per ADA. However, like all other tuition and fee proposals, it isn't clear whether these revenues would add to or replace tax funds in support of CCC's.

TABLE 13
PRELIMINARY

COMPARISON OF FOUR FEE INCREASE PROPOSALS
CALIFORNIA COMMUNITY COLLEGES
(STATEWIDE IMPACT)

	(A) \$50/\$30 INCREASE		(B) \$60/\$40 INCREASE NEW STUDENT AID		(C) \$4/UNIT INCREASE		(D) \$4/UNIT \$20/UNIT	
	LOW ^a	HIGH	LOW	HIGH	LOW	HIGH		
REVENUE (in \$ millions)								
Tuition Revenue	\$ 52.2	\$ 50.9	\$ 65.4	\$ 63.6	\$ 71.5	\$ 68.4	9.2	38.1
Fee/Aid Management Cost	NA	NA	NA	NA	NA	NA	NA	NA
New Student Aid	0	0	- 6.7	- 6.7	0	0	0	0
Apportionment	-36.3	-58.4	-34.7	-55.8	-58.0	-98.9	- 3.8	-18.8
Net Revenue Change	\$ 15.9	\$- 7.5	\$ 24.0	\$ 1.1	\$ 13.5	\$-25.5	- 5.4	19.3
EXISTING STUDENT AID INCREASE	\$ 5.5	\$ 5.5	\$ 6.7	\$ 6.7	\$ 13.3	\$ 13.3	NA	NA
ADA LOSS (%)	25,360 (-3.5)	40,804 (-5.6)	24,617 (-3.4)	39,526 (-5.4)	39,696 (-5.5)	64,216 (-8.8)	2,892 (-0.4)	14,459 (-)
\$/ADA BEFORE	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850	\$1,850
\$/ADA AFTER (% CHANGE)	\$1,939 (4.8)	\$1,949 (5.4)	\$1,951 (5.5)	\$1,957 (5.8)	\$1,976 (5.5)	\$1,990 (8.8)	\$1,865 (0.8)	\$1,914 (3.5)

^a For all proposals except (D), the low estimate assumes an average price elasticity of -0.5 while the high estimate assumes an average price elasticity of -0.8. Proposal (D) is examined for two fee levels but only at the low elasticity estimate (-0.5). Research suggest these are the "outer bounds" of price response that may be expected from community college students.

TABLE 74

ESTIMATED ENROLLMENT LOSS FOR COMMUNITY COLLEGES STATEWIDE
FOR A \$50 FULL-TIME AND \$30 PART-TIME STUDENT FEE CHARGE

ITEM	BASE		ENROLLMENT LOSS AT ELASTICITY LEVEL			
	ENROLLMENT		-0.5		-0.8	
	No.	%	No.	%	No.	%
UNIT LOAD						
≥ 12	295,743	21.3	10,676	3.6	17,425	5.9
9 - 11	240,128	17.3	11,528	4.8	18,524	7.7
6 - 8	99,812	7.2	5,389	5.4	8,572	8.6
1 - 5	556,056	40.0	20,089	3.6	31,813	5.7
Noncredit	199,247	14.2	7,292	3.7	11,548	5.8
TOTAL	1,390,986	100.0	54,974	4.0	87,882	6.3
INCOME (PARENT/STUDENT)						
Dependent						
≤ \$12,000	140,974	10.1	7,508	5.3	12,688	9.0
\$12,000 - \$29,999	222,899	16.0	6,622	3.0	11,191	5.0
\$30,000 plus	112,045	8.1	2,196	2.0	3,711	3.3
Self-Supporting						
≤ \$5,499	200,433	14.4	13,473	6.7	21,018	10.5
\$5,500 - \$10,799	590,828	42.5	22,043	3.7	34,387	5.8
\$10,800 plus	123,807	8.9	3,132	2.5	4,887	4.0
TOTAL	1,390,986	100.0	54,974	4.0	87,882	6.3
GENDER						
Male	616,207	44.3	23,667	3.8	37,858	6.1
Female	774,779	55.7	31,307	4.0	50,024	6.5
TOTAL	1,390,986	100.0	54,974	4.0	87,882	6.3
AGE						
< 21	491,157	35.2	18,042	3.7	29,988	6.1
22 - 29	443,307	31.9	18,403	4.2	28,948	6.5
30 - 61	409,924	29.5	16,668	4.1	26,044	6.4
62 plus	46,598	3.4	1,861	4.0	2,902	6.2
TOTAL	1,390,986	100.0	54,974	4.0	87,882	6.3
ETHNIC ORIGIN						
Asian, American Indian, Other	117,956	8.5	5,091	4.3	8,155	6.9
Black	127,693	9.2	5,815	4.6	9,296	7.3
Hispanic	156,207	11.2	6,961	4.5	11,316	7.2
White	989,130	71.1	37,107	3.8	59,115	6.0
TOTAL	1,390,986	100.0	54,974	4.0	87,882	6.3
EDUCATION COMPLETED						
Thru Sophomore	1,107,225	79.6	44,058	4.0	70,622	6.4
Junior Plus	163,719	11.8	6,375	3.9	10,142	6.2
B.A. plus	120,042	8.6	4,541	3.8	7,118	5.9
TOTAL	1,390,986	100.0	54,974	4.0	87,882	6.3

TABLE 15
ESTIMATED ENROLLMENT LOSS FOR COMMUNITY COLLEGES STATEWIDE
FOR A \$60 FULL-TIME AND \$40 PART-TIME STUDENT FEE CHARGE

ITEM	BASE		ENROLLMENT LOSS AT ELASTICITY LEVEL			
	ENROLLMENT		-0.5		-0.8	
	No.	%	No.	%	No.	%
<u>UNIT LOAD</u>						
> 12	295,743	21.3	6,638	2.2	10,892	3.7
9 - 11	240,128	17.3	12,250	5.1	19,699	8.2
6 - 8	99,812	7.2	6,191	6.2	9,850	10.1
1 - 5	556,056	40.0	26,500	4.8	41,966	7.6
Noncredit	199,247	14.2	9,722	4.9	15,397	7.3
TOTAL	1,390,986	100.0	61,301	4.4	97,804	7.0
<u>INCOME (PARENT/STUDENT)</u>						
<u>Dependent</u>						
≤ \$12,000	140,974	10.1	7,003	5.0	11,834	8.4
\$12,000 - \$22,999	222,899	16.0	7,240	3.3	12,236	5.5
\$30,000 plus	112,045	8.1	2,479	2.2	4,190	3.7
<u>Self-Supporting</u>						
≤ \$5,499	200,433	14.4	13,141	6.6	20,500	10.2
\$5,500 - \$10,799	590,828	42.5	27,447	4.7	42,818	7.3
\$10,800 plus	123,807	8.9	3,991	3.2	6,226	5.0
TOTAL	1,390,986	100.0	61,301	4.4	97,804	7.0
<u>GENDER</u>						
Male	616,207	44.3	26,605	4.3	42,470	6.9
Female	774,779	55.7	34,696	4.5	55,334	7.1
TOTAL	1,390,986	100.0	61,301	4.4	97,804	7.0
<u>AGE</u>						
< 21	491,157	35.2	18,717	3.8	31,084	6.3
22 - 29	443,307	31.9	20,953	4.7	32,932	7.4
30 - 61	409,924	29.5	19,413	4.7	30,327	7.4
62 plus	46,598	3.4	2,218	4.8	3,461	7.4
TOTAL	1,390,986	100.0	61,301	4.4	97,804	7.0
<u>ETHNIC ORIGIN</u>						
Asian, American Indian, Other	117,956	8.5	5,457	4.6	8,730	7.4
Black	127,693	9.2	6,189	4.9	9,876	7.7
Hispanic	156,207	11.2	7,183	4.6	11,655	7.5
White	989,130	71.1	42,472	4.3	67,543	6.8
TOTAL	1,390,986	100.0	61,301	4.4	97,804	7.0
<u>EDUCATION COMPLETED</u>						
Thru Sophomore	1,107,225	79.6	48,641	4.4	77,815	7.0
Junior Plus	163,719	11.8	7,241	4.4	11,499	7.0
B.A. plus	120,042	8.6	5,419	4.5	8,490	7.1
TOTAL	1,390,986	100.00	61,301	4.4	97,804	7.0

The allocation of new financial aids, assumed to match the increase in existing aid programs for each eligible student, results in smaller enrollment losses among those carrying a full-time academic load than among those carrying a part-time academic load. Despite the student aid, however, greatest losses still occur among the lowest income groups.

The distribution of enrollment losses by gender and racial and ethnic background are about the same in proposal (B) as in (A); i.e., the greatest proportionate losses are among females and minorities. In contrast to (A), however, proposal (B) results in relatively greater losses among those over 61 years-of-age and those with more prior education. This is due to the new financial aid program which offsets the fee increase least often for the higher income student who carries a smaller academic load.

The assumed new financial aid, \$6.7 million, consumes far less than one-third of the tuition revenues. The remaining \$14 million could be used for further increases in student financial aid, applied (as in Table 13) to institutional support, or allocated for some other purpose.

A fee or tuition proposal of \$4 per unit (over \$100 per year for a full-time student) would result in a loss of students estimated at between five and eight percent of CCC enrollment, even assuming increased financial aid from existing programs. Tuition revenue would approximate \$70 million, but the loss in apportionments could offset this.

Enrollment losses, as expected, are greatest among low income students. In contrast to proposals (A) and (B), enrollment losses from proposal (C) are relatively greater among dependent than among self-supporting students. This is because the per-unit charge, without any new financial aid programs, has its greatest impact upon full-time students who are dependent upon others for their financial support.

The impact of proposal (C) also is greatest among those 18 to 21 years-of-age, Hispanic, with less than Junior status. The smallest relative impact from (C) is on those over age sixty-one, white, and already possessing bachelors' degrees.

While the simulation model does not explicitly include the distribution of students by program, it is possible to infer some important implications of fee increases for college programs.

Those students intending to transfer are younger, more often full-time and, if dependent, from somewhat higher income backgrounds than those enrolled for job training. (See Chancellor's Office July, 1981 study of Transfer Students.) Students enrolled for continuing or avocational education are the oldest and carry the lightest loads. The relationships suggest that under proposal (C), the greatest proportionate enrollment losses would be among those students enrolled for transfer, next largest among vocational students, and least among those whose objectives are avocational in character. Proposal (B) has a reverse impact: the largest proportionate losses are among avocational students, followed by those enrolled for job training, and with the smallest losses among transfer students. Losses under proposal (A) of students in the three program categories would be nearly proportional.

The differential impact of the three proposals on programs is due to the use, in (C), of a unit rate as opposed to the flat fees of (A) and (B). Also contributing to the differential impact is the use of a new student financial aid program in (B).

Charging just those who have completed a degree or 60 units, Proposal (D), raises a significant amount of revenue (\$19 million) only when fees are set at \$20 per unit or roughly \$500 per year for the full-time student of this kind (see Table 17). This proposal requires further analysis in order to identify the specific kinds of individuals affected.

TABLE 16
ESTIMATED ENROLLMENT LOSS FOR COMMUNITY COLLEGES STATEWIDE
FOR A \$4 PER UNIT STUDENT FEE CHARGE

ITEM	BASE ENROLLMENT		ENROLLMENT LOSS AT ELASTICITY LEVEL			
	No.	%	-0.5		-0.8	
			No.	%	No.	%
<u>UNIT LOAD</u>						
≥ 12	295,743	21.3	25,480	8.6	41,586	14.1
9 - 11	240,128	17.3	15,324	6.4	24,637	10.3
6 - 8	99,812	7.2	5,750	5.8	9,149	9.2
1 - 5	556,056	40.0	15,648	2.8	24,778	4.5
Noncredit	199,247	14.2	5,833	2.9	9,238	4.6
TOTAL	1,390,986	100.0	68,035	4.9	109,388	7.9
<u>INCOME (PARENT/STUDENT)</u>						
<u>Dependent</u>						
≤ \$12,000	140,974	10.1	12,081	8.6	20,417	14.1
\$12,000 - \$29,999	222,899	16.0	9,812	4.4	16,583	7.4
\$30,000 plus	112,045	8.1	3,134	2.8	5,296	4.7
<u>Self-Supporting</u>						
≤ \$5,499	200,433	14.4	16,873	8.4	26,322	13.1
\$5,500 - \$10,799	590,828	42.5	22,872	3.9	35,681	6.0
\$10,800 plus	123,807	8.9	3,263	2.6	5,089	4.1
TOTAL	1,390,986	100.0	68,035	4.9	109,388	7.9
<u>GENDER</u>						
Male	616,207	44.3	29,184	4.7	46,960	7.6
Female	774,779	55.7	38,851	5.0	62,428	8.1
TOTAL	1,390,986	100.0	68,035	4.9	109,388	7.9
<u>AGE</u>						
< 21	491,157	35.2	26,234	5.3	43,747	8.9
22 - 29	443,307	31.9	21,266	4.8	33,542	7.6
30 - 61	409,924	29.5	18,512	4.5	28,944	7.1
62 plus	46,598	3.4	2,023	4.3	3,158	6.8
TOTAL	1,390,986	100.0	68,035	4.9	109,388	7.9
<u>ETHNIC ORIGIN</u>						
Asian, American Indian, Other	117,956	8.5	6,515	5.5	10,490	8.9
Black	127,693	9.2	7,435	5.8	11,950	9.4
Hispanic	156,207	11.2	9,540	6.1	15,600	9.9
White	989,130	71.1	44,545	4.5	71,348	7.2
TOTAL	1,390,986	100.0	68,035	4.9	109,388	7.9
<u>EDUCATION COMPLETED</u>						
Thru Sophomore	1,107,225	79.6	55,372	5.0	89,280	8.1
Junior	163,719	11.8	7,668	4.7	12,264	7.5
B.A. plus	120,042	8.6	4,995	4.2	7,844	6.5
TOTAL	1,390,986	100.0	68,035	4.9	109,388	7.9

TABLE 17

IMPACT OF A TUITION CHARGE ON DIFFERENT TYPES OF
COMMUNITY COLLEGE STUDENTS FOR VARYING LEVELS OF FEE CHARGES
(PRELIMINARY)

<u>\$4 PER UNIT CHARGE</u>	<u>60+ UNITS</u>	<u>AA/AS</u>	<u>BA/BS</u>	<u>TOTAL</u>
Enrollment before tuition	85,200	71,000	142,000	298,200
Enrollment Loss	3,442	2,869	5,737	12,048
Enrollment After Tuition (1)-(2)	81,758	68,131	136,263	286,152
ADA Loss	826	689	1,377	2,892
Apportionment Loss (millions)	\$2.6	\$0.9	\$1.8	\$3.8
Tuition Revenue (millions)	2.6	2.1	4.3	9.2
Net Revenue	+0	+1.2	+2.5	+5.4
<u>\$20 PER UNIT CHARGE</u>				
Enrollment Before Tuition	85,200	71,000	142,000	298,200
Enrollment Loss	17,212	14,343	28,689	60,244
Enrollment after Tuition	67,988	56,657	113,311	237,956
ADA Loss	4,131	3,442	6,885	14,459
Apportionment Loss (millions)	\$5.4	\$4.5	\$9.0	\$18.8
Tuition Revenue (millions)	10.9	9.1	18.1	38.1
Net Revenue	+5.5	+4.6	+9.1	+19.3

Board of Governors
of the
California Community Colleges

Committee of the Whole
October 8, 1982

ITEM: Contingency Fee Plan

STAFF PRESENTATION: Chuck McIntyre
Director of Analytical Studies

This item presents information for further Board of Governors' discussion of the contingency fee plan. This plan was requested of the Board by the Post-secondary Education Commission (CPEC) in its May 1982 response to ACR 81 (1982).

1. PROCESS

A Special Committee of the Board discussed background information on fees at meetings in July and August 1982. Action by the Board on a contingency fee plan is scheduled for December following review at October and November meetings of the Board.

Staff recommends that Board review continue with consideration of a series of basic principles regarding fees. As work proceeds, these principles can be refined and specific alternatives analyzed.

2. PRINCIPLES

Staff has developed a set of proposed principles for Board consideration (see Attachment A). Principles of this kind should form the basis on which any fee plan ought to be developed.

Proposed principles deal with

contingency conditions,
method of charge,
financial aid,
use of revenue, and
existing fees.

3. BACKGROUND

Staff developed pertinent background material for a Special Committee of the Board to review at July and August 1982 meetings. This material covered existing fees (here and elsewhere), ways of charging fees, financial aid considerations, and past and possible future economic conditions. (These materials are supplied as attachments along with a review of legal provisions for existing fees.)

Further information on existing fees in community colleges is being gathered and analyzed. In addition, various fee proposals are being simulated in order to assess their impact on community college enrollments, revenues, and programs. These simulations include the difficult, but necessary, task of estimating the potential impact of existing and possible new financial aids. (Preliminary simulations should be available for review at the October 8th meeting of the Board.)

ATTACHMENT A

CONTINGENCY FEE PLAN PROPOSED PRINCIPLES

CONTINGENCY CONDITIONS

- o Strong economic recovery and an expanded tax structure would likely eliminate the need for general community college fees.

A strong economic recovery and new taxes or increased tax rates could result in annual increases in State General Fund revenues exceeding ten percent. If so, and if there is continued moderate inflation of less than ten percent, community college revenues per student could grow in real (constant) dollar terms during the balance of the 1980's. A strong economy means less demand for community college enrollment and a greater ability to fund staff cost-of-living adjustments (COLA).

- o Moderate economic recovery and little or no expansion of the tax structure would make general fees an important consideration.

These circumstances likely mean that community colleges can expect little change in their buying power (constant revenue per student). In this case, the need for greater buying power will depend largely on the need to rebuild losses in buying power that have occurred since Proposition 13 (1978) and on changes in the relative cost of educating students. The latter, in turn, is related to the rate of change in technology (and needed occupational education) along with future changes in the ability of entering students. More-able students are less expensive to educate than are less-able students. The need for general fees in this case is not certain.

- o A continued recession with no change in tax structure would likely require the imposition of a general fee.

In this case, community college buying power is likely to decline since tax revenues (growing at less than ten percent annually) may not be sufficient to support increases in inflation and enrollment, which together, are likely to grow at a rate of more than ten percent. If so, then community colleges must either curtail

enrollment growth by cutting programs and courses, impose admissions requirements, increase productivity, obtain supplemental revenues (such as from student fees and charges), or employ some combination of these options. Imposition of a general fee could be the most feasible option.

METHOD OF CHARGE

- o A general fee, if imposed, should be mandatory in all districts.

A mandatory general fee, to be charged by all districts, would appear to be both more equitable and more practical than a permissive fee that would be charged by some districts but not others. A permissive fee would result in some community college students paying for their education while other community college students did not, without any apparent rationale. In addition, where neighboring districts employed different fee policies, the resulting changes in student enrollment patterns could pose significant practical problems for planning.

- o The general fee level should be set in relation to community college costs for students' education.

In theory, general student charges should equal the difference between the students' cost of education and the value of the social or collective benefits that result from that education. For a number of reasons, this theory can't be implemented. However, general fees could be set with reference to students' cost of education. If this is done, community college costs ought to be the basis, rather than, say, the costs also of UC and CSU, as recommended by CPEC.

- o Students should pay the full cost of educational services when their objectives are personal and not in the public interest.

It is difficult to measure social benefits or the "public interest." However, it may be possible to identify those students whose objectives are totally

personal. This could be the case where the outcome of a student's education is not either transfer to a senior institution, gainful employment, or responsible citizenship.

- o To the extent possible, the cost of collecting and managing a fee should be minimized.

Some fee alternatives could require significant collection and management costs. This factor must be a consideration in the choice of any specific fee alternative.

FINANCIAL AID

- o A general fee, if imposed, must be accompanied by greater financial aid for those who can't afford the fee in order that open admission opportunities are maintained.

Research shows that a ten percent increase in costs for community college students likely will result in at least a six percent decrease in enrollment. Many students will withdraw because they cannot afford to pay the added cost. Observance of the Board's commitment to open admissions opportunities requires attention to the financial needs of these students. Existing aid programs will have only a modest impact in this regard.

- o Greater financial aid includes both increased aid for students as well as effective aid management.

Financial aid, in the form of grants, loans, and/or work is necessary to offset cost increases for those who can't afford the added fee. It is also necessary, however, that there be effective identification of those who are unable to pay and effective packaging of the several possible aid forms. Otherwise, the aid will not reach those in need. Currently, about half of the community college students eligible for Pell Grants don't even apply. Community college students do not utilize all the federal aid that is available.

USE OF REVENUE

- o Revenues from general fees should be used for general program improvement; i.e., as a supplement, not as a substitute for tax revenue support.

If at all possible, fee revenues should be used to improve educational programs for students: to improve the quality of curriculum and services; to keep pace with cost increases that arise from a changing and possibly more expensive mix of students; or to keep pace with the relatively higher costs of education for emerging and new technologies. Fees should not simply substitute for public tax revenues.

To be most effective, the allocation of fee revenues should be for general educational purposes as determined by the local district. Restricting fee revenues to support services in order to avoid calling the charge a "tuition" is more semantic than substantive. Revenues should be applied to those programs and services where the need is greatest.

EXISTING FEES

- o Existing fees for ancillary services should be levied in a more equitable fashion.

While existing fees have increased significantly since the passage of Proposition 13, many districts still charge less than authorized and there is evidence that tax revenues subsidize these services in many districts. Total fee levels vary considerably from district to district. Students pay for parking in some districts but not in others. Equity in the charging of specific fees for ancillary services should be sought prior to the charging of general fees for educational services.